

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 NSAE-00  
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LAB-04 SIL-01 AGRE-00 OMB-01 SS-15 L-03 PRS-01  
PA-01 CEQ-01 SOE-02 EPA-01 NSF-01 PM-05 DOE-11  
INT-05 ACDA-12 DOEE-00 AF-10 ARA-10 OIC-02 NRC-05  
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O R 271450Z JAN 78  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC IMMEDIATE 4893  
INFO ALL OECD CAPITALS  
AMEMBASSY BRUSSELS

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AMEMBASSY BRUSSELS FOR MARATT BARON

E.O. 11652: N/A  
TAGS: ETRN, OECD  
SUBJECT: JANUARY 23-24 MEETING OF AD HOC GROUP OF THE  
COUNCIL ON MEASURES CONCERNING OIL CARRIERS

REFS: A) STATE 16531/1; B) STATE 60283 (MARCH, 1977)  
C) AD HOC C/WP/OC/A(78)1  
SUMMARY - AD HOC WP APPROVED ITS FINAL REPORT CONTAIN-  
ING CONCLUSIONS AND RECOMMENDATIONS, AND DEBATED IN-  
CONCLUSIVELY ENVIRONMENTAL AND ECONOMIC BENEFITS OF  
CLEAN BALLAST TANKS (CBT) AND SEGREGATED BALLAST  
TANKS (SBT). IN THIS REGARD, SWEDISH DEL CHALLENGED  
U.S. DEL'S STATEMENT THAT OUR POSITION ON CBT WAS  
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"NOT FULLY DEVELOPED" SINCE, ACCORDING TO SWEDEN, U.S.  
HAD "FULLY SUPPORTED" CBT CONCEPT AT RECENT IMCO MEET-  
ING. (ACTION REQUEST: CLARIFICATION OF U.S. POSITION  
ON CBT AS INTERIM MEASURE TO SBT INTRODUCTION). WP  
ALSO AGREED IT HAD FULFILLED ITS MANDATE AND LEFT  
DECISION OF FUTURE WORK TO OECD COUNCIL FOLLOWING OUT-  
COME OF FEBRUARY IMCO PLENIPOTENTIARY. AS MARATT

BARON WAS UNABLE TO ATTEND MEETING, MISSION INDUSTRY ADVISER FORRESTER WAS U.S. REP. END SUMMARY.

1. MEASURES CONCERNING OIL CARRIERS

A. ECONOMIC IMPLICATIONS OF RETROFITTING OF SBT AND DEDICATED CBT (C/WP/OC(78)1) -

COMMENTING ON THIS PAPER, WALLENBERG OF ENVIRONMENT SECRETARIAT MADE POINT THAT ECONOMIC IMPLICATIONS AND ENVIRONMENTAL ASPECTS OF SBT AND OTHER TECHNIQUES IN THE THREE AREAS COVERED IN REPORT WERE LIMITED. WALLENBERG ALSO LAMENTED DEARTH OF LONG-TERM DATA ON ECONOMIC IMPACT OF RETROFITTED SEGREGATED BALLAST TANKS (RSBT) AND "ASTONISHING LACK OF SHORT-TERM DATA, ESPECIALLY FOR MEDITERRANEAN". US DEL MADE EXTENSIVE USE OF TALKING POINTS CONTAINED IN PARA 3A OF REF. A STRESSING POINT THAT TANKER-ORIGIN POLLUTION REPRESENTS ONE-FOURTH OF ALL PETROLEUM POLLUTION TO THE OCEANS. FRENCH DEL MADE POINT THAT REPORT'S ASSERTION THAT 1.5 PERCENT RATIO BETWEEN TANKER POLLUTION IN NY BAY AREA AND OTHER SOURCES COULD ENABLE VIRTUALLY ALL POLLUTERS TO ARGUE THAT THEIR CONTRIBUTION TO OVERALL POLLUTION IS MINIMAL. FRENCH STATED REPORT'S LANGUAGE THUS PROVIDED "EXCUSE FOR DOING NOTHING". US DEL SUPPORTED THIS VIEW. WITH CHARACTERISTIC DISDAIN UK DEL EXPRESSED HIS UNCERTAINTY AS TO WHAT WP COULD CON- LIMITED OFFICIAL USE

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TRIBUTE IN THIS AREA AND SUGGESTED THAT, "WHILE WE ARE INTERESTED IN POLLUTION", WORK SHOULD BE UNDERTAKEN BY ENVIRONMENT COMMITTEE. SWEDISH DEL SAID MAIN LIMITATION OF REPORT WAS THAT SINCE THREE AREAS DEALT WITH ARE NOT MAJOR TANKER ROUTES, PAPER RUNS RISK OF MIS-INTERPRETATION RE ACTUAL EXTENT OF TANKER POLLUTION. (WALLENBERG SAID ZONES WERE CHOSEN ON BASIS OF EXISTING DATA.) US DEL JOINED SWEDES IN CHALLENGING REPORT'S ASSERTION (PARA 3.1) THAT "THERE WERE NO DEMONSTRABLE ECONOMIC BENEFITS" AND DEPLORED FACT THAT 3 ZONES WERE NOT DE-BALLASTING AREAS. US DEL WAS SUBSEQUENTLY SUPPORTED IN PROPOSAL TO INSERT "IN THE SHORT-TERM" (LINE FIVE, PARA 26, SUB-PARA C) IV OF CONCLUSIONS IN FINAL REPORT.) THUS SENTENCE NOW READS: "...DID NOT FIND ANY DEMONSTRABLE ECONOMIC BENEFITS IN THESE AREAS IN THE SHORT-TERM ETC."

B. SBT ALTERNATIVES

SWEDISH, NORWEGIAN, NETHERLANDS, & FRG DELS WERE GENERALLY SUPPORTIVE OF CRUDE-OIL WASHING AND LOAD ON TOP (COW-LOT) AS CBT-SBT PARALLEL MEASURES DESERVING

OF FURTHER INVESTIGATION. FRG DEL FURTHER NOTED  
THAT COW COULD BE CONTROLLED BY PORT OFFICERS. US

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O R 271450Z JAN 78  
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DEL RAISED DOUBTS RE COW/LOT EFFICACY BASED ON INS-  
TRUCTIONS, PARA 3A OF REF A.

C. AS A RESULT OF THIS DISCUSSION, WP AGREED TO:

- A) SUBMIT SUMMARY OF REPORT AND COVER NOTE TO FEB.  
IMCO PLENIPOTENTIARY CONFERENCE INDICATING LIMITATIONS  
OF THE REPORT. (MISSION WILL AIRPOUCH TEXTS TO DEPART-  
MENT ASAP).
- B) INVITE ENVIRONMENT COMMITTEE TO UNDERTAKE FURTHER  
WORK ON, FOR EXAMPLE, LOT AND COW.

2. A. IMPLEMENTATION SCHEDULE AND COMMERCIAL  
SOLUTIONS: NORWEGIAN AND SWEDISH NOTES.  
PER INSTRUCTIONS, US DEL AGREED THAT PAPERS COULD BE  
SUBMITTED TO IMCO WHICH, IN FACT, HAS ALREADY BEEN DONE  
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ACCORDING TO SWEDISH AND NORWEGIAN DELS. THE FOLLOWING WERE POSITIONS TAKEN BY DELEGATIONS ON VARIOUS POINTS RAISED IN THE TWO NOTES:

- UK : OPPOSED CBT/ST BECAUSE NEITHER UK INDUSTRY NOR GOVERNMENT COULD AFFORD EITHER.
- NETHERLANDS: OPPOSED GOVERNMENT SUPPORT TO SHIPOWNERS; RECOMMENDED WP6 ON SHIPBUILDING EXAMINE FINANCIAL ASPECTS.
- JAPAN: NO POSITION ON CBT; ST AND ALTERNATIVES MUST BE IMPLEMENTED ON WORLD-WIDE SCALE, NOT REGIONALLY. FURTHERMORE, JAPAN WOULD REQUIRE NEW LEGISLATION TO IMPLEMENT ANY AGREEMENT.
- NORWAY AND SWEDEN: INTERNATIONAL AGREEMENT/GUIDELINES ON FINANCING IS POSSIBLE AND CBT/ST SHOULD BE IMPLEMENTED RAPIDLY.
- GREECE: CONCURRED WITH NORDICS AND SUPPORTED STUDY OF RETROFITTING ST IMPACT ON LONG-TERM CHARTERS.
- FRANCE: NO COMMENT.
- U.S: PER INSTRUCTIONS REF A, USDEL SAID WHILE DCBT SHOWS PROMISE, OUR POSITION ON SAME HAS "NOT BEEN FULLY DEVELOPED." SWEDES CHALLENGED OUR STATEMENT, NOTING THAT US WAS MOST SUPPORTIVE OF CBT AS INTERIM C) MTC COULD STUDY COMMERCIAL ASPECTS OF MEASURE AT RECENT IMCO MEETING (ACTION REQUEST: CLARIFICATION OF US POSITION ON DCBT.)

B. WP AGREED THAT:

- A) DISCUSSIONS MUST CONTINUE IN IMCO;
- B) WP6 SHOULD EXAMINE FINANCIAL IMPLICATIONS AND
- C) MTC COULD STUDY COMMERCIAL ASPECTS OF RSST.

3. COST/BENEFIT ANALYSIS - AD HOC C/WP/OC(78)3  
SECRETARIAT REP HUMPHREY SAID ENVIRONMENTAL BENEFITS  
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OF ST COULD NOT BE DEFINED IN ECONOMIC TERMS. US DEL BASED ON INSTRUCTIONS CONTAINED IN REFTTEL MADE POINT THAT "VALUE OF MARINE RESOURCES SHOULD BE FACTORED INTO THE ANALYSIS AT SUFFICIENTLY HIGH LEVELS." FRENCH DEL SAID SECRETARIAT STUDY CONCURRED WITH FINDINGS OF A FRENCH ANALYSIS. WP CONCLUDED THAT SECRETARIAT COMMENT WOULD NOT BE TRANSMITTED TO IMCO.

4. IMCO: NATIONAL STRATEGIES, POSITIONS

ALTHOUGH NOT ON AGENDA, CHAIR INVITED DELS TO COMMENT  
ON MCO  
ON THEIR LIKELY STANCE AT FEB. IMCO MEETING. AS NO DELS  
HAD INSTRUCTIONS, DISCUSSION WAS CURSORY.  
UK DEL, HOWEVER, MADE POINTED REMARK THAT "UK TOOK  
LEAD IN ENCOURAGING US TO DISCUSS SBT IN IMCO" AND EX-  
PRESSED HOPE THAT IMCO WILL BE ABLE TO REACH A REALISTIC  
AGREEMENT AND WILL NOT BE CONFRONTED WITH "UNILATERAL  
ACTION". UK STATED IT SEES NO ENVIRONMENTAL BENEFITS  
IN SBT ADDING GROUP SHOULD PURSUE MOST COST-EFFECTIVE  
(LEAST EXPENSIVE) ALTERNATIVES. VIRTUALLY ALL DELS  
VOICED CONCERN WITH UNILATERAL ACTION, AND LOOKED DI-  
RECTLY AT US DEL WHEN DOING SO. DRAWING FROM PARA 3  
OF REF B (STATE 60283), US DEL SAID THAT AS MATTER OF  
GENERAL POLICY, USG FAVORS INTERNATIONAL CONSENSUS AS  
OPPOSED TO UNILATERALISM AND WILL GO TO IMCO CONFERENCE  
IN THAT SPIRIT. IN SUM THE FOLLOWING THREE POSITIONS  
EMERGED DURING THIS TOUR DE TABLE:  
A - PRO CBT-SBT: SWEDEN, NORWAY, GREECE, US AND SPAIN.  
B - CON: UK, NETHERLANDS AND FRG.  
C - VARYING DEGREES OF NEUTRALITY: PORTUGAL, CANADA,  
JAPAN, N. ZEALAND, ITALY, FINLAND, DENMARK AND AUSTRA-  
LIA.

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FRANCE DECLARED ITS POSITION AS "HALF-WAY HOUSE, DEPENDING ON SHIP SIZE" (70,000 TO 100,000 TONS), AND SAID COW IS NOT AN ALTERNATIVE TO SBT IN SMALLER SHIPS. FRENCH DEL CONCLUDED THAT LACK OF CONSENSUS AT IMCO "WOULD BE DISASTROUS".

5. REQUEST FOR ASSISTANCE FROM OTHER OECD BODIES - MT/M(78)1 ANNEX 1 - PER INSTRUCTIONS REF A US DEL WELCOMED MTC VIEWS ON SBT. SWEDISH AND NORWEGIAN DELS SHARED US OPINION AND NO OTHER DELS COMMENTED. THERE WAS NO DISCUSSION OF SECRETARIAT NOTE DAF/MTC/77.60 OR WP6 COMMENTS IN C/WP6(77)60.

6. FUTURE WORK  
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ONLY FRG AND DENMARK VOICED OPPOSITION TO FUTURE WORK CLAIMING WP HAD FULFILLED ITS MANDATE. WHILE ALL OTHER DELS AGREED THAT ITS WORK HAD BEEN COMPLETED, NORWAY, ASSISTED BY SWEDEN AND UK PERSUADED GROUP TO LEAVE QUESTION OF FUTURE WORK OPEN UNTIL AFTER IMCO PLENIPOTENTIARY CONFERENCE. OECD COUNCIL WOULD THEN BE IN BETTER POSITION TO OUTLINE POTENTIAL ROLE, E.G. INTERNATIONAL FINANCING MECHANISM FOR CBT AND RSBT. PER INSTRUCTIONS, US APPEALED TO GROUP NOT TO MAKE ANY SPECIFIC RECOMMENDATIONS AT THIS TIME, ESPECIALLY ON AN ISSUE AS COMPLEX AS AN INTERNATIONAL COMPENSATION FUND OR ANY TYPE OF INTERNATIONAL GUIDELINES/AGREEMENTS. UK COUNTERED THAT "UK OBVIOUSLY DOES NOT FAVOR SBT, BUT IF INTERNATIONAL AGREEMENT IS REACHED AT IMCO, WE SHOULD BE ABLE TO LOOK TO THE OECD TO DISCUSS THE FINANCIAL IMPLICATIONS OF IMPLEMENTING SUCH AN AGREEMENT". GROUP SUPPORTED VIEW THAT DOOR SHOULD AT LEAST BE LEFT OPEN FOR SUCH A CONSIDERATION AND DOCUMENT RETAINS REFERENCE TO CONSIDERATION OF POSSIBLE FINANCIAL ASSISTANCE AND FOR GUARANTEES (ALTHOUGH REFERENCE IS CAREFULLY HEDGED). THUS, WHILE DOOR REMAINS OPEN FOR COUNCIL DECISION ON FUTURE WORK, NO MEETING WAS SCHEDULED FOR WP.

7. FINAL REPORT C(77)208

C(77)208 WAS SUPERSEDED BY UNNUMBERED DOCUMENT WHICH WAS AN AMENDED (UPDATED) VERSION OF EARLIER DOCUMENT PLUS NEW CHAPTERS (26 & 27) CONTAINING CONCLUSIONS

AND RECOMMENDATIONS. TEXTS OF THESE TWO CHAPTERS ARE  
BEING CABLED SEPARATELY.  
COMMENT: THE FINAL REPORT, CONCLUSIONS AND RECOMMEN-  
DATIONS WERE THE RESULT OF RATHER ARDUOUS DEBATE LARGE-  
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LY BETWEEN THE UK, SWEDEN, NORWAY, NETHERLANDS, AND  
US. IT IS, THEREFORE, A COMPROMISE DOCUMENT. THE UK,  
WITH NETHERLANDS SUPPORT, CONTINUED OPPOSING  
SBT AND, TO ADVANCE THEIR CASE, RELIED HEAVILY ON THE  
CONCLUSIONS OF THE ECONOMIC IMPLICATIONS AND ENVIRON-  
MENTAL ASPECTS STUDY (AD HOC C/WP/OC(78)1). THE US,  
SWEDEN, AND NORWAY DIAMETRICALLY OPPOSED THE  
UK POSITION. FRENCH INTERVENTIONS WERE LOW-KEY AND  
MODERATE AND SEEMED DESIGNED TO GIVE THEM A LEADERSHIP  
ROLE IN IMCO NEGOTIATIONS.

8. SINCE MARATT BARON HAD TO LEAVE BECAUSE OF FAMILY  
EMERGENCY, MISSION INDUSTRY ADVISER FORRESTER LED  
US DEL. SALZMAN

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## Message Attributes

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**To:** STATE  
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